

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1313-01
Bill No.: HB 503
Subject: Boards, Commissions, Committees, Councils; Fire Protection; Taxation and Revenue - General
Type: Original
Date: February 19, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(\$373,000)	(\$378,500)	(\$378,500)
Fire Education	\$0	\$0	\$0
Fire District Equipment	\$0	\$0	\$0
Missouri Fire Education Trust	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	(\$373,000)	(\$378,500)	(\$378,500)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Treasurer** and the **Department of Insurance** assume this proposal would not fiscally impact their agencies.

Office of Secretary of State (SOS) officials state this proposal creates the Fire District Equipment fund which will supply grants to qualifying fire departments. The Division of Fire Safety would promulgate rules to implement this proposal. SOS states that based on experience with other divisions, the rules, regulations, and forms issued by the Division of Fire Safety could require as many as 10 pages in the Code of State Regulations. For any given rule, roughly half again as many pages are published in the Missouri Register in the Code because cost statements, fiscal notes, and the like are not repeated in Code. These costs are estimated. The estimated cost of a page in the Missouri Register is \$23. The estimated cost of a page in the Code of State Regulations is \$27. The actual cost could be more or less than the numbers given. The fiscal impact of this proposal in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded, or withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Revenue**, the **Department of Public Safety**, and **Office of Administration** did not respond to our fiscal note request. However, in responding to a similar request last session they assume no fiscal impact.

The **Governor's Budget** for FY 2002 shows General Revenue Insurance Tax receipts of \$147,315,302 in FY 2000 and estimates receipts of \$149,200,000 for FY 2001 and \$151,400,000 for FY 2002. One-half of these collections are retained by the General Revenue Fund. This proposal would allow transfers to the Fire Education Trust Fund of approximately \$373,000 in FY 2002 and \$378,500 in FY 2003. Oversight assumes receipts would remain constant at \$151,400,000 per year, subsequently.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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GENERAL REVENUE FUND

<u>Transfer Out - Office of State Treasurer</u> Premium taxes to Fire Education Fund	<u>(\$373,000)</u>	<u>(\$378,500)</u>	<u>(\$378,500)</u>
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ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$373,000)</u>	<u>(\$378,500)</u>	<u>(\$378,500)</u>
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FIRE EDUCATION FUND

<u>Transfer In - Office of State Treasurer</u> Premium taxes to Fire Education Fund	\$373,000	\$378,500	\$378,500
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<u>Transfer Out - Office of State Treasurer</u> To Fire District Equipment Fund	<u>(\$93,250)</u>	<u>(\$94,625)</u>	<u>(\$94,625)</u>
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<u>Transfer Out - Office of State Treasurer</u> To Missouri Fire Education Trust Fund	<u>(\$74,600)</u>	<u>(\$75,700)</u>	<u>(\$75,700)</u>
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<u>Costs - Department of Public Safety - Division of Fire Safety</u> Fire education programs	<u>(\$205,150)</u>	<u>(\$208,175)</u>	<u>(\$208,175)</u>
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ESTIMATED NET EFFECT ON FIRE EDUCATION FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FIRE DISTRICT EQUIPMENT FUND

<u>Transfer In - Office of State Treasurer</u> From Fire Education Fund	\$93,250	\$94,625	\$94,625
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<u>Costs - Missouri Fire Education Commission</u> Grants	<u>(\$93,250)</u>	<u>(\$94,625)</u>	<u>(\$94,625)</u>
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ESTIMATED NET EFFECT ON FIRE DISTRICT EQUIPMENT FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
MISSOURI FIRE EDUCATION TRUST FUND			
<u>Transfer In - Office of State Treasurer</u>			
From Fire Education Fund	\$74,600	\$75,700	\$75,700
<u>Costs - Office of State Treasurer</u>			
Appropriations for fire education programs	<u>(\$74,600)</u>	<u>(\$75,700)</u>	<u>(\$75,700)</u>
ESTIMATED NET EFFECT ON MISSOURI FIRE EDUCATION TRUST FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2002 (10 Mo.)	 FY 2003	 FY 2004
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

Under current law, the Fire Education Fund annually receives an amount equal to 3% of the difference between premium taxes collected from insurance companies during the preceding fiscal year and premium taxes collected from insurance companies during Fiscal Year 1997. The fund may not receive more than \$1.5 million from these taxes in any fiscal year. This proposal reduces the Fire Education tax to five-tenths of 1% of the amount of premium taxes collected in the preceding fiscal year. Fifty-five percent of these funds would be required to be used for fire education. The proposal would also establish a subaccount of the Fire Education Fund to be known as the Fire District Equipment Fund. Twenty-five percent of the money transferred to the Fire Education Fund would be deposited in the Fire District Equipment Fund. Money in the equipment fund would only be used for purposes authorized by the Missouri Fire Education Commission and the Missouri Division of Fire Safety. The division and commission would make grants to aid in funding equipment of any fire department or district with less than \$10,000 in revenue per year or any volunteer fire protection association with a population of less than

DESCRIPTION (continued)

10,000. The division would administer, regulate, and make rules for the grant program. The proposal outlines criteria for the program rules.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of State Treasurer
Department of Insurance
Office of Secretary of State

NOT RESPONDING: Department of Revenue, Department of Public Safety, Office of Administration



Jeanne Jarrett, CPA
Director

February 19, 2001